

SECRET

Paragraph 5.

Material control records not maintained on certain items:

Control cards on production material are maintained in the production plant, and for material pertaining to R and D Section. In some instances production work is performed in the R and D Section, and it was found that no property control records were maintained on some items required for this work. The production department did not set up cards on these items because the purchase requisitions did not originate in that department. The R and D property section was not furnished copies of the purchase orders or receiving reports because the items were identified to a production master job order. This discloses that in the present system there is not a satisfactory method of control to insure that property records are instituted for all direct material. It was also found that no procedures are in effect to provide for transferring cognizance of material control records in the event costs are transferred by journal voucher between the production and R and D sections. The Communications Division controller informed the AF auditor that a review would be made to determine methods to remedy these deficiencies in procedure.